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New Rules for Amazon Tax

By Katy Grimes

After biting debate today on the new Internet tax, the Board of Equalization decided that some rules of play were needed.

The controversial internet tax, the recent law passed which imposes "use" taxes on out-of-state retailers and small affiliate businesses, already has a referendum for repeal in the works, authored by internet retailer, Amazon.com.

Debate over the 90-day interim period during which Amazon gathers signatures for the voter referendum to repeal the law was a hot issue today between board members. Because the office of legislative counsel issued a recent [opinion](#) which said the law would be suspended the minute Amazon qualifies the issue for the ballot, Republican board members George Runner and Michelle Steel said the BOE should not implement the tax yet. At issue was whether the new law would or should even take effect.



However, board members Betty Yee and Jerome Horton, Democrats, insisted that because ABx1 28 was already signed into law, it needs to be upheld by the board unless and until it is repealed either by the voters, or in a court of law.

But Runner disagreed. "Do we have a history of doing rule-making before a bill is law?" Runner asked.

Yee said she wanted to abandon discussion of the interim period, and instead pushed ahead for implementation of the tax, beginning with an “interested parties” process discussing the need for rule making to implement and clarify the provisions of the bill.

“Is there any appropriation to begin the implementation?” Runner asked. The audience laughed when a staff member said there was \$1,000. “And how far will that go?” Runner asked. “We will have to reach into other parts of the budget.”

“The bill has been signed Mr. Runner,” Yee said.

The Board voted 3-2, siding with Yee and Horton to have obtain an opinion from the Attorney General explaining how the referendum process will affect the tax, and to begin the meetings to discuss implementation. But I suspect that this is just the beginning of the discussion.

One of Runner’s biggest concerns with the Qualified Purchaser Program has been the requirement that companies with at least \$100,000 in gross receipts must file use tax returns. “I am still concerned by the income threshold of \$100,000. It’s not a lot of revenue for some of those business people, Runner said.